

**SABLE**  
INTERNATIONAL

# Sable FX

Sable FX is a division of Sable International which has offices in Cape Town, Durban and Johannesburg in South African and in London, Melbourne and Portugal.

We provide forex services to private individuals and small/medium-sized businesses.



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Staff in offices around the country, we provide exceptional expertise and experience in exchange control and foreign exchange services.

# Sable and FISA Changes to Financial Emigration

*What now?*



*Tim Powell*  
*Director, Sable FX*

# ***Today's Agenda***



Background to Financial Emigration



What has changed



Tax emigration



Implications for overseas beneficiaries  
*(and executors of deceased estates)*



Some practical applications

# Background to Financial Emigration



## **Full Financial Emigration**

- MP336
- Tax clearance where the applicant had assets in SA
- SARB approval – ECA reference letter
- Blocked Rand account
- Could take up to 4 months

# Background to Financial Emigration



BACKGROUND

## **Belated Financial Emigration (Zero Assets)**

- MP336
- (no tax clearance where no assets and applicant out of SA for more than 5 years)
- SARB approval – ECA reference number
- Blocked Rand account / non-resident account
- Estate Late could transfer funds direct from EL to beneficiary overseas
- Common and simple process for executors – normally done within 10 days
- Remember that SARB saw a massive increase in these applications as a result of changes to expat tax rules where companies were “selling” FE as a means to tax emigrate and avoid these tax implications.
- Also South Africans living overseas with RA’s in SA were allowed to encash the RA pre-retirement age (55) by financially emigrating

# What has changed



CHANGES

## **No more Financial Emigration**

- As of 1 March 2021 SARS have done away with FE
- Placed the onus on SARS to ensure applicants are compliant in order to receive RA and inheritance payments
- The primary objective of these changes was for RA's
- Has had consequences for beneficiaries of deceased estates

# Exchange control allowances



CHANGES

## **Excon allowances**

- R1 million Single Discretionary Allowance (SDA) – no tax clearance
- R10 million foreign investment allowance (FIA) – tax clearance
- > R10 mil – FIA application plus SARB application
- And now...SARB Circular 8/2021 – South Africans overseas may only use R1 million allowance as a travel allowance in the year they move...so many questions

# Tax emigration



- What is it? – process of informing SARS that taxpayer is no longer resident in SA – ordinarily resident or physically present
- Who does it effect – from 1 March 2021 – everyone leaving SA should notify SARS of no longer being tax resident and date on which they become non-tax resident.
- Exit tax and deemed CGT
- What about people who left prior to 1 March 2021?
- Case by case
- Tax advice may be required particularly where clients had worldwide assets when leaving SA and didn't pay deemed CGT

# Implications for overseas beneficiaries



- ...(and executors of deceased estates)
- Pre 1 March 2021 these beneficiaries could have done belated emigration
- Now post 1 March 2021 these beneficiaries must get tax compliance letter...even if they left 30 years ago?
- Headache for executors
- That was 3 days ago – SARB circular 8/2021 might change that but lots of questions and scenarios first

# Inheritance manual tax clearance

## Specialised Audit

Office  
Standerton

Enquiries  
[REDACTED]

Telephone  
[REDACTED]

E-mail  
[REDACTED]

Date:  
10 May 2021

Mrs [REDACTED]  
Identity Number: [REDACTED]  
Income Tax Number: Not Registered  
France



## South African Revenue Service

Standerton Branch Office  
29 Church Street  
Standerton, 2430  
Private bag X2005, Standerton  
2430  
Telephone (017) 7199055  
Website: www.sars.gov.za

Dear [REDACTED]

### LETTER OF COMPLIANCE – TRANSFER OF FUNDS

It is hereby confirmed that, on the basis of the information at the disposal of the South African Revenue Service (SARS), the above-mentioned taxpayer has made suitable arrangements with regard to the settlement of his normal income tax obligations. SARS has no objection to the transfer of funds to the amount of R886 887.00

The Letter of Compliance is valid until 10 May 2022 subject to the taxpayer's continued compliance.

Sincerely

[REDACTED] --Executive: Investigative Audit

ISSUED ON BEHALF OF THE COMMISSIONER FOR THE SOUTH AFRICAN  
REVENUE SERVICE

# Tax clearance for foreign investment allowance



TAX COMPLIANCE STATUS  
PIN Issued

Enquiries should be addressed to SARS:  
[Contact](#) [Detail](#)  
SARS Alberton 1528 Contact Centre Tel: 0800 00 SARS (7277)  
SARS online: [www.sars.gov.za](http://www.sars.gov.za)

[Detail](#)  
Taxpayer Reference Number: [Redacted] Always quote this reference number when contacting SARS  
Case Number: 384100760  
Issue Date: 2021/05/14

Dear Taxpayer

### TAX COMPLIANCE STATUS PIN ISSUED

The South African Revenue Service (SARS) has issued your tax compliance status (TCS) PIN as indicated below:

TCS Details	
Taxpayer Name	[Redacted]
Trading Name	Not applicable
Tax Reference Number(s)	IT: [Redacted]
Purpose of Request	Foreign Investment Allowance
Request Reference Number	0009726828F51005211123448
PIN	[Redacted]
PIN Expiry Date	14/05/2022

You may authorise a third party to view your TCS by providing them the PIN. The PIN only allows the third party access to your TCS. All other tax information remains secure.

Your TCS displayed is based on your compliance as at the date and time the PIN is used.

You may cancel this PIN at any time before the expiry date reflected above. Once cancelled, a third party will not be able to verify your TCS.

SARS reserves the right to cancel this PIN in the event that it was fraudulently issued or obtained.

Should you have any other queries please call the SARS Contact Centre on 0800 00 SARS (7277). Remember to have your taxpayer reference number at hand when you call to enable us to assist you promptly.

Sincerely  
**ISSUED ON BEHALF OF THE SOUTH AFRICAN REVENUE SERVICE**



# Emigration tax clearance



TAX COMPLIANCE STATUS  
PIN Issued

Enquiries should be addressed to SARS:

**Contact Detail**

SARS Contact Centre Tel: 0800 00 SARS (7277)  
Alberton SARS online: www.sars.gov.za  
1528

**Details**

Taxpayer Reference Number: [Redacted] Always quote this reference number when contacting SARS  
Case Number: [Redacted]  
Issue Date: 2020/1/04

Dear Taxpayer

**TAX COMPLIANCE STATUS PIN ISSUED**

The South African Revenue Service (SARS) has issued your tax compliance status (TCS) PIN as indicated below:

TCS Details:	
Taxpayer Name	[Redacted]
Trading Name	Not applicable
Tax Reference Number(s)	IT: [Redacted]
Purpose of Request	Emigration
Request Reference Number	0008300917ES2710201639295
PIN	[Redacted]
PIN Expiry Date	04/11/2021

You may authorise a third party to view your TCS by providing them the PIN. The PIN only allows the third party access to your TCS. All other tax information remains secure.

Your TCS displayed is based on your compliance as at the date and time the PIN is used.

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Sincerely  
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## • Questionnaire for South African Beneficiaries living abroad

Please complete the questions below as this will assist us in assessing the best way to transfer any funds to you from South Africa within South African exchange control legislation.

• Beneficiary Name \_\_\_\_\_

- 1 • Have you formally emigrated in terms of South African Exchange Control i.e. completed an MP336 and opened a blocked Rand account with a South African Bank and had all other bank accounts in South Africa closed. If yes, please also provide the formal proof. Stating the ECA number.

- 2 • Do you have a South African green bar coded identity document or been issued with a SA ID number?

- 3 • Do you have an active SARS tax reference number and are your taxes up to date? (within the last 5 years)

- 4 • When did you leave South Africa to live abroad and how long did you reside in SA for?

- 5 • Do you have any remaining assets in South Africa including retirement annuity policies, pensions, provident funds, insurance policy, loans due to you or cash in a SA bank account?

- 6 • Please send a copy of your current passport AND SA ID book if you have one.

• Signed: \_\_\_\_\_

### Forex

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# Practical steps



PRACTICAL

## SCENARIOS

1

**Bona fide non-res** – same process as before:

- Either repay direct from EL account **or**
- Open a non-res account and proceeds can be transferred overseas

2

**South African resident** (temporarily abroad) **with SA ID book** (green bar coded or new ID card)

- R1 mil SDA **or**
- R10 million FIA (with tax clearance) – register for tax number and apply for TCC using estate docs as source of funds

3

**South African resident** (temporarily abroad) **but no ID book** (lost, never had one etc)

- Open a non-res account
- Pay funds from EL into non-res account – encumbered
- Apply for manual tax compliance status letter as per next slide using bank statement, estate docs and include statement of SA A&L!!!
- Should take up to 21 workings days for TCS letter

4

**Other implications egs.**

- Annuity income
- Second distribution from EL – is another TCS letter required
- Trust distributions

*Bottom line is that these changes which in my opinion were intended to affect South Africans living overseas with Retirement annuities have had quite significant administrative implications on overseas beneficiaries of deceased estates.*

# Authorised Funds



## **Authorised funds**

- Deceased estates with offshore funds
  - Find out from heirs that they know about source of funds e.g. did the deceased work overseas
- At time of drawing up the will – explain origin of source of funds and update will with offshore investments.
- Funds that are not authorized should be regularized with SARB otherwise it becomes the kids problem...sins of the father

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**Thank you  
for listening**

**Forex Enquiries:**

[saforex@sableinternational.com](mailto:saforex@sableinternational.com)

**Deceased estate enquiries**

[estates@sableinternational.com](mailto:estates@sableinternational.com)

# SABLE

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## CONTACT US

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